



**SACRAMENTO
HOUSING AND REDEVELOPMENT
AGENCY**

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APPROVED
BY THE CITY CLERK
SEP 23 1987
SEP 25 1987
SACRAMENTO REDEVELOPMENT AGENCY
CITY OF SACRAMENTO
CITY CLERK

September 14, 1987

CITY MANAGER'S OFFICE
RECEIVED
SEP 16 1987

Redevelopment Agency of the
City of Sacramento
Sacramento, California

Honorable Members in Session:

SUBJECT: Amending Program Guidelines for Historic Infill
Program - Alkali Flat

SUMMARY

This reports recommends amendments to the Alkali Flat Historic Infill Program Guidelines relating to land writedowns and rehabilitation loan maximums. The staff is recommending adoption of the attached resolution.

BACKGROUND

On January 13, 1987 the Redevelopment Agency adopted Resolution RA-87-001 which approved the Alkali Flat Historic Infill Program guidelines and authorized advertisement of the program.

As advertised, the Historic Infill Program offered to sell designated Agency owned sites at \$9.00 sq. ft. to developers who propose to move threatened historic homes to designated infill sites. The guidelines offered a subsidy of either a land writedown or a rehabilitation loan of \$15,000 when necessary to complete the project.

After extensive marketing only one complete proposal was received. This proposal requested both a land writedown and a large rehabilitation loan. As a result, considerable discussion at the PAC level took place regarding the amounts and types of subsidy which should be offered. In particular, the PAC was concerned that "deep" land writedowns should be tested in the competitive market. In addition both the PAC and Agency staff recognize that the cost to move and rehabilitate threatened homes is generally greater than was anticipated.

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As a result, in the staff report recommending approval of the original program, staff indicated that the Guidelines may need amendment from time to time as experience is gained with the program. It was recommended that the guidelines be reevaluated by the PAC and by Agency staff and returned to the governing boards.

PAC Comments

As a result meetings were scheduled with the Project Area Committee's Planning Committee on July 14 and again on August 5, 1987. The five member planning committee determined that the guidelines should be amended to reflect that: (1) a substantial write-down of the land value (one third or more) may trigger a competitive RFP on the proposed site, subject to PAC recommendation to the Governing Boards for approval or waiver; and (2) a right to waive the \$15,000 loan cap on a case by case basis should be added. These recommendations were carried forward to the full PAC at its regular meeting of August 5, 1987.

Staff Comments

Agency staff concurs with the second recommendation regarding allowing waivers of the \$15,000 loan cap on a case-by-case basis.

However, with regard to land write-downs greater than one-third of the advertised land value staff recommends the following be added to the guidelines:

- 1) That findings of fact be made for each case requesting substantial write-down assistance.
- 2) These findings shall:
 - A. Confirm both the threatened and historic nature of the proposed structure and shall make a finding that without use of the infill site or the subsidy the structure would be lost to the historic inventory.
 - B. Describe how the proposed structure is well suited for the streetscape, and conforms to the historic architectural style of the Alkali District where the house will be moved.

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- C. Describe, via a proforma, that relocation and rehabilitation of the structure is only feasible with the non-standard land write-down.
 - D. Demonstrates that the write-down is for the benefit of the public and in the furtherance of the Redevelopment Plan.
- 3) To ensure rehabilitation performance for projects in which the Agency has a substantial investment in subsidy (therefore, less developer risk), the Agency shall require either a 100% performance bond or substantially equivalent Security Performance Agreement as part of the Disposition Development Agreement and/or may elect to ground lease the site to the developer until such time as the rehabilitation is completed. If the rehabilitation is completed on schedule, the Agency may terminate the ground lease and transfer title of the property to the developer.

Staff believes that the above criteria for land writedown addresses many of the concerns of the PAC and are more reasonable for the program. It is important to remember that the Infill Sites are publicly advertised. In the event a developer has an important and threatened historic structure, it would seem unreasonable to delay negotiations for a site until an additional competitive process is completed. Additionally, because historic rehabilitation and moving costs will vary greatly, it would be difficult to competitively analyze proposals.

Staff recommends that each case be reviewed for financial feasibility and for historic value and suitability under the criteria mentioned above. In the event a proposal does not clearly meet the criteria, it could be denied, and the property readvertised.

FINANCIAL DATA

The amendment of these guidelines does not affect the existing budget appropriation for the Historic Infill Program and no new funds are recommended.

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Notwithstanding, in order to determine appropriate financial assistance to individual developers staff will continue to evaluate each project and develop proforma(s) which demonstrate project feasibility. Each project will then be returned to the governing boards for approval and authorization to enter into Disposition and Development Agreement (DDA) with a Project Narrative, Schedule of Performance, Evidence of Financing and such performance restrictions as necessary to ensure project completion.

ENVIRONMENTAL REVIEW

Proposed Guidelines are exempt from the environmental review process under the California Environmental Quality Act (CEQA). Each individual project approved under these guidelines will receive separate environmental review as part of the City Permit and Design Review/Preservation Board process.

POLICY IMPLICATIONS

The above recommended actions are proposed to strengthen the Agency's ability to ensure project feasibility and to provide the best project is approved for the site. The Historic Infill Program guidelines have been revised to reflect this goal. Please see Exhibit A attached to this staff report, specifically page five, AGENCY FINANCIAL ASSISTANCE, sections (2) and (3).

VOTE OF THE PROJECT AREA COMMITTEE

At its regular meeting of August 5, 1987, the Alkali Flat Project Area Committee reviewed the meeting notes and recommendations of its Planning Committee. The PAC then moved to recommend that the guidelines be amended to state that substantial land write-downs of one-third or more may trigger a competitive RFP, and to add the right to waive the \$15,000 loan amount on a case by case basis, by the following vote:

AYES: Booher, Bustamonte, Davila, Dolinar, Glauz, Finn,
T. Williams, Barrientos, and Cabrera

NOES: None

ABSENT: Camacho, Huerta, Rasul, Hyde, C. Williams

VACANCY: One

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VOTE AND RECOMMENDATION OF THE COMMISSION

At its Special Meeting of September 14, 1987, the Sacramento Housing and Redevelopment Commission adopted a motion supporting a revised recommendation in accordance with this staff report. The Commission recommended your approval of the attached resolution by the following vote:

AYES: Glud, Moose, Pettit, Sanchez, Sheldon, Simon, Simpson,
Wiggins, Wooley, Yew, Amundson
NOES: None
ABSENT: None

RECOMMENDATION

Agency staff supports the PAC recommendation to waive the \$15,000 maximum loan amount on a case-by-case basis. Staff further recommends that in-lieu of a competitive solicitation certain performance restrictions be inserted in the Developer's Disposition and Development Agreement (DDA).

Staff requests that you adopt the attached resolution which amends the Historic Infill Guidelines in the area of Agency financial assistance.

Respectfully submitted,

William H. Edgar

WILLIAM H. EDGAR
Executive Director

TRANSMITTAL TO COUNCIL:

Walter J. Slife

WALTER J. SLIFE
City Manager

Contact Person: Trish Davey, 440-1322

Exhibit A - Historic Infill Guidelines

0380Q

RESOLUTION NO. 87-078

ADOPTED BY THE REDEVELOPMENT AGENCY OF THE CITY OF SACRAMENTO

ON DATE OF

September 23, 1987



~~APPROVED~~
~~BY THE CITY COUNCIL~~

~~SEP 25 1987~~

~~OF THE~~
~~CLERK~~

AUTHORIZING AMENDMENT OF
HISTORIC INFILL PROGRAM GUIDELINES
ALKALI FLAT

BE IT RESOLVED BY THE REDEVELOPMENT AGENCY OF THE CITY OF SACRAMENTO:

Section 1: The HISTORIC INFILL PROGRAM GUIDELINES, as amended, and amended copy of which is attached to this resolution, are hereby approved.

Section 2: This resolution shall take effect immediately.

CHAIR

ATTEST:

SECRETARY

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drn/Final
9/3/87

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EXHIBIT A

HISTORIC INFILL PROGRAM

GUIDELINES

Adopted by Redevelopment Agency of the City of Sacramento

January 13, 1987

Amended September 1987

HISTORIC INFILL HOUSING
PROGRAM GUIDELINES

General Purpose

The purpose of these guidelines is to set forth the criteria by which the Redevelopment Agency of the City of Sacramento will select owner/developers to carry out redevelopment goals as they relate to moving and restoring threatened historic homes.

Background and Program Description

On July 17, 1984, the Redevelopment Agency of the City of Sacramento adopted the Alkali Flat Implementation Strategy which set forth the Historic Infill Program.

In-Fill Sites - "Historically within the Alkali Flat Redevelopment Project Area approximately two to four residential structures have been moved on an annual basis. Few of these structures have been relocated within the Project Area, due to either the unavailability of vacant sites or the high cost of sites caused by real estate speculation for other uses. This program provides for Agency acquisition of four sites and utilization of one Agency-owned site within the Project Area for in-fill. These sites will be made available for residential structure moves generated from within the Project Area. Disposition of the sites will be handled through the City's Design Review Preservation Board. Upon acquisition, the Agency would notify the Design Review Preservation Board of the availability of these sites and upon approval of the structure move by the Design Review Preservation Board these sites would be recommended to the Agency for disposition. The Design Review Preservation Board will consider the impact of the move in relation to the site and its neighboring environs. The sale conditions would include the following:

- 1) the purchase at fair market value;
- 2) the deposit with the Agency of a 10% fee to be repaid upon expedient completion of rehabilitation;
- 3) the approval of preliminary rehabilitation plans by the Design Review Board and final rehabilitation plans by the Sacramento Housing and Redevelopment Commission;
- 4) the placement of a deed restriction on use of the structure as residential for a period not less than ten (10) years;

EXHIBIT A

- 5) the schedule of performance for rehabilitation not exceeding one year in length.

In addition, further conditions may be placed on the disposition of these properties depending on project specifics. All of the aforementioned conditions will be placed within the standard Agency disposition agreement. If the project applicant qualifies, Agency administered rehabilitation loan programs can be utilized to assist in the rehabilitation of the moved structure. If at the end of the term of this Implementation Strategy, all of the infill sites have not been acquired, the remaining sites will be made available for both for structure moves and new residential construction."

IDENTIFICATION OF SITES

Five sites have been acquired for the purpose of implementing this program.

<u>ADDRESS</u>	<u>PARCEL SIZE</u>	<u>ZONING</u>	<u>APN</u>
1. 1224 D Street	40 x 160	R3A	002-121-06
2. 416 13th Street	40 x 80	R3A	002-121-12
3. 511 9th Street	40 x 80	R3A	002-112-02
4. 914 E Street	40 x 160	R3A	002-112-06
5. 516 10th Street	37.33 x 80	R3A	002-112-13
6. 800 E Street	27.58 x 80	R3A	002-104-03 SOLD 8/87
7. 511 8th Street	40 x 90	R3A	002-104-02 SOLD 8/87

These sites are available for purchase by the public if the criteria in these guidelines are met. Preliminary determination will be made by Agency staff. Final determination will be made by the Design Review Preservation Board of the City of Sacramento and the Sacramento Housing and Redevelopment Commission. Notwithstanding each proposal is subject to the final approval of the Redevelopment Agency of the City of Sacramento at a public hearing which transfers title of land.

SALES PRICE OF LAND

The sales price of the land has been set at \$9.00/sf as of March 1986 based on appraisals of fair market value performed in April 1985. The Agency assumes the responsibility for obtaining any new appraisal at the time a purchase offer is received. The sales price of the property may be raised at that time. The Agency may also waive this right on a case-by-case basis in order to expedite the transfer of title or ensure the financial feasibility of the property. See also Agency Financial Assistance.

EXHIBIT A

OPTION FEE

Each applicant shall pay an option fee which is 10% of the fair market value of the land. This fee shall not be reduced or waived even if the sales price of the land is reduced. The fee shall be returned after a Notice of Completion has been recorded.

PRIORITY FOR SELECTION OF OWNER/DEVELOPER

First Priority will be given to developers who propose to move threatened historic homes within the ALKALI FLAT REDEVELOPMENT AREA. See Definitions.

Second Priority will be given to developers who propose to move threatened historic homes outside the ALKALI FLAT REDEVELOPMENT AREA but within the CENTRAL DOWNTOWN AREA. See Definitions.

HOUSE MOVING COSTS

All costs associated with transportation of the threatened historic home from its existing site to the designated site in ALKALI FLAT shall be borne by the owner/developer.

FUTURE PROPERTY USE

The owner/developer must be willing to maintain the property in residential useage for a minimum of ten (10) years from the execution of the Disposition and Development Agreement.

REHABILITATION COSTS

The owner/developer may apply to the Agency's Rehabilitation Division for rehabilitation assistance. The majority of the Agency's loans are for 15 years at 0%-3% and the loan amount varies from \$5,000 to \$33,500. Updated information can be obtained by calling (916) 440-1350.

If the owner/developer does not quality for any of the Agency-administered programs but is unable to finance a project independently, cost estimates and appraisals should be obtained and submitted to the Agency with a request for assistance.

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AGENCY FINANCIAL ASSISTANCE

An amount of money has been set aside to assist in the development of individual sites. To obtain the financing, however, it must be demonstrated that the project cannot proceed without additional assistance. In addition, the Agency may require such performance restrictions as collateral supported by Deed of Trust and lenders title insurance, 100% performance bonds, ground leases, and Builder's ALL RISK insurance, etc. The type of assistance available is set forth below.

- (1) A cash grant not-to-exceed \$5,000. This grant may be used for rehabilitation costs only and shall be administered by the Agency's Neighborhood Development Division.
- (2) A 3%, 15 year term rehabilitation loan which should not exceed \$15,000. However, the Agency reserves the right to exceed this amount on a case-by-case basis for projects which are only feasible with additional subsidy. Such subsidy shall be structured to ensure the Agency's interest is protected by value in the property and performance criteria.

This loan shall be made from Alkali Flat tax increment funds administered by the Agency's Neighborhood Development Division.

- (3) A write-down of the land sales price based on project cash needs. If the requested write-down is greater than one third of the advertised land value, the following findings of fact must be made:
 - (a) the threatened and historic nature of the structure must be verified and a finding made that without the use of the infill site at reduced value the structure would be lost to the historic inventory. This shall be accomplished via a proforma.
 - (b) the proposed structure shall be determined well-suited for the streetscape and conform to the architectural style of the Alkali neighborhood to which the house will be moved.

In most instances, only one form of financial assistance shall be recommended for approval and insertion in the Disposition and Development Agreement (DDA) between the Agency and the owner/developer.

EXHIBIT A

SALES DOCUMENTS

The owner/developer will be required to execute the following legal documents:

- 1) Disposition and Development
- 2) Promisory Note and Deed of Trust
[if Financing is Required]
- 3) Declaration of Restrictions
[Limiting Property to Residential Use for
10 years]

REHABILITATION PLANS

The owner/developer shall prepare both exterior and interior rehabilitation plans. The exterior rehabilitation plans shall be approved by the Design Review Preservation Board and the City Planning Commission. The interior rehabilitation plans shall be approved by the Housing and Redevelopment Commission.

REHABILITATION SCHEDULE

The owner/developer shall complete the rehabilitation of the project within one year from the approval of the rehabilitation plans. Notwithstanding unusual and unforeseen circumstances are subject to appeal for possible extension before the Housing and Redevelopment Commission. See definitions.

PENALTIES

Owner/developer who fail to perform under the terms of the Disposition and Development Agreement may be subject to fees and penalties which shall be charged as liens on the subject property.

DEFINITIONS

Attachment "A" entitled Definitions is a part of these Guidelines.

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ATTACHMENT "A"

DEFINITIONS PERTAINING TO HISTORIC INFILL PROGRAM

1. historic . . . Any structure which is on the "Official Register Containing Structures of Architectural or Historical Significance" as published by the Design review Preservation Board of the City of Sacramento.
2. threatened A structure which is designated unsafe or condemned by the City of Sacramento, or which is about to be demolished to make way for new development.
3. ALKALI FLAT REDEVELOPMENT PROJECT AREA
All that area which falls within the boundaries of the Redevelopment Plan for Project Area No. 6 as set forth by legal description. See Map which is label Attachment "B".
4. central downtown area All that area which is bounded by freeways I-5, Highway 50, Business 80 and the Southern Pacific Railroad tracks. See Map which is labeled Attacment "C".
5. sales price Fair Market Value of the land as determined by an M.A.I. appraiser, or any discounted price established at a regular meeting before the Housing and Redevelopment Commission.
6. Disposition and Development Agreement (DDA)
The legal document which sets forth terms of sale, financing and the schedule of performance for development of property.
7. Design Review Preservation Board (DRPB)
That board which is charged with administering the "Listed Structures Plan" and acts to protect and maintain the character of architecturally historically and culturally significant structures.

DEFINITIONS PERTAINING TO HISTORIC INFILL PROGRAM

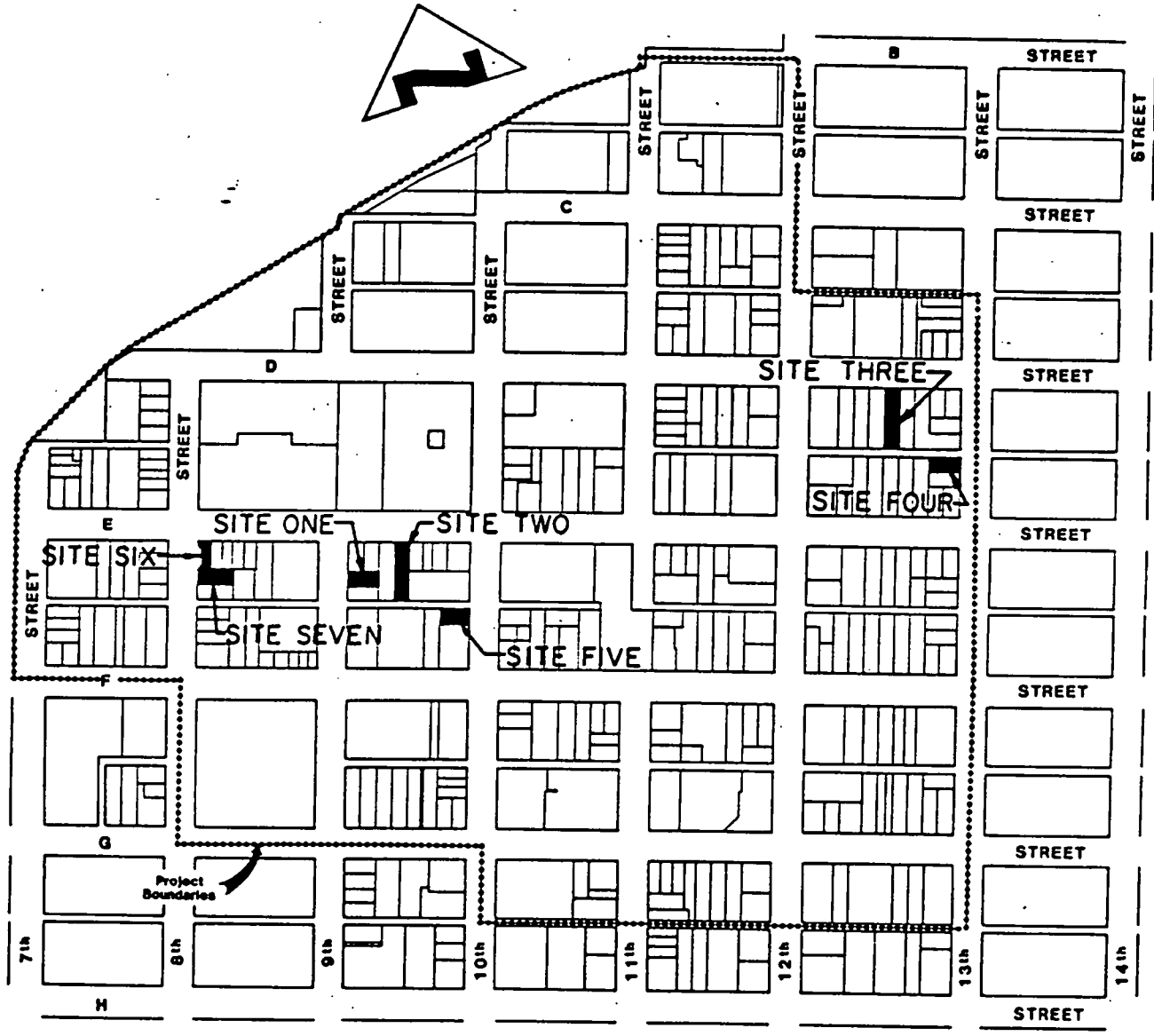
8. unusual and unforeseen circumstances

These guidelines call for a one (1) year rehabilitation schedule, however, extensions without penalty may be granted on a case-by-case basis for delays caused by fire damage, death of developer or contractor or bank foreclosure. Appeals should be filed with Agency staff for recommendation to the Housing and Redevelopment Commission.

Adopted By Redevelopment Agency of the City of Sacramento on January 13, 1987.

Amended by the Redevelopment Agency of the City of Sacramento on _____, 1987.

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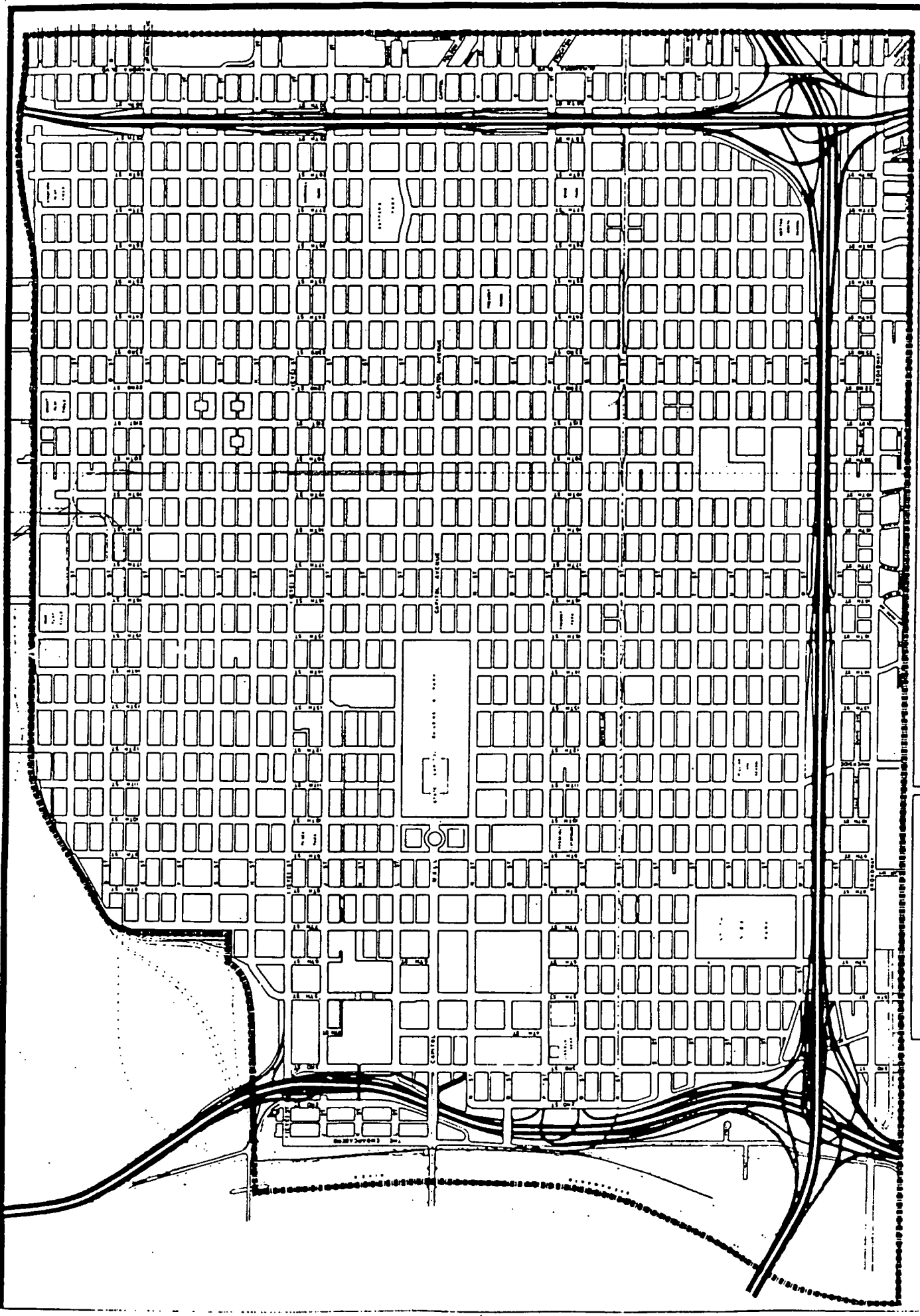


HISTORIC INFILL PROGRAM

SACRAMENTO HOUSING AND REDEVELOPMENT AGENCY

ALKALI FLAT

ATTACHMENT "C"



Scale in Feet

North

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SACRAMENTO HOUSING and REDEVELOPMENT AGENCY
 CENTRAL CITY